

**Senate Bill No. 965**

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Passed the Senate August 31, 2010

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*Secretary of the Senate*

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Passed the Assembly August 26, 2010

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2010, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add Section 185036.5 to the Public Utilities Code, relating to transportation.

## LEGISLATIVE COUNSEL'S DIGEST

SB 965, DeSaulnier. High-speed rail.

Existing law, the California High-Speed Train Act, creates the High-Speed Rail Authority to develop and implement a high-speed train system in the state, with specified powers and duties. Existing law, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes.

This bill, subject to appropriation by the Legislature, would require the authority to expend federal funds made available by the federal American Recovery and Reinvestment Act of 2009 (ARRA) for specified high-speed rail purposes. The bill would require the authority to take various actions in that regard. The bill would also require the authority to submit to the Legislature and the Legislative Analyst an expenditure plan for the federal funds within 60 days of finalization of a cooperative agreement with the federal government. The bill would make legislative findings and declarations relative to federal funds to be made available to the state by ARRA for high-speed rail purposes. The bill would exempt the Transbay Transit Center project in San Francisco from these provisions.

This bill would provide that it shall become operative only if A.B. 289 is also enacted.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares all of the following:

(a) With the enactment of the federal American Recovery and Reinvestment Act (Public Law 111-5, ARRA) on February 17, 2009, the federal government made available a grant program in

which states may apply for \$8 billion in federal funds for the development of high-speed rail throughout the nation.

(b) On October 2, 2009, the California High Speed Rail Authority (HSRA) submitted to the Federal Railroad Administration (FRA) an application for \$4.73 billion in federal funds to further the development of high-speed rail in California.

(c) The HSRA's application for funds proposes to expend federal ARRA grants awarded to the authority to make improvements to four distinct rail corridors in California, which include:

- (1) San Francisco to San Jose.
- (2) Merced to Fresno.
- (3) Fresno to Bakersfield.
- (4) Los Angeles to Anaheim.

(d) On January 28, 2010, the United States Department of Transportation announced an intention to make future grant awards to the HSRA in the amount of \$2.25 billion to advance the development of a high-speed rail system in this state.

(e) The HSRA has estimated that it intends to match the awarded federal funds with state bond funds made available with the passage of Proposition 1A in November 2008, the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code). The total investment to improve the identified rail corridors could be as much as \$4.5 billion in combined federal and state funds.

(f) The HSRA estimates that 60,277 jobs will be created or maintained by the investment of these funds in the dozens of construction projects along the eligible corridors throughout California.

(g) It is necessary to provide the HSRA with unambiguous statutory authority to expend, upon appropriation, federal ARRA funds for the purposes described in its application of October 2, 2009.

(h) Moreover, it is in the state's interest to obligate and expend awarded funds as expeditiously as possible and in a manner consistent with the voters' expectation when they passed the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century in order to expand job creation and to complete vital infrastructure improvements as soon as possible.

SEC. 2. Section 185036.5 is added to the Public Utilities Code, to read:

185036.5. (a) The authority shall expend federal funds made available through the American Recovery and Reinvestment Act of 2009 (Public Law 111-5, ARRA), upon appropriation of the Legislature, as follows:

(1) For the purpose of conducting environmental studies, planning, and preliminary engineering activities. If matching funds are required, proceeds of the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code) shall be used for this purpose, consistent with the provisions of subdivision (b) of Section 2704.08 of the Streets and Highways Code and subject to the conditions in subdivision (g) of Section 2704.08 of that code.

(2) For the purpose of capital expenditures, as defined in subdivision (c) of Section 2704.04 of the Streets and Highways Code. If matching funds are required, proceeds of the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21st Century (Chapter 20 (commencing with Section 2704) of Division 3 of the Streets and Highways Code) shall be used for this purpose, subject to the provisions of subdivision (d) of Section 2704.04 of the Streets and Highways Code.

(b) The authority shall take those actions necessary to ensure any federal funds appropriated to it are obligated and expended in a manner that (1) meets all applicable federal deadlines for obligating and expending the funds, (2) maximizes job creation in California at the earliest feasible time, (3) expedites the completion of vital high-speed rail infrastructure projects that improve rail-highway safety, mobility, and performance, (4) makes the most efficient use of available state bond funds, including replacing bond funds for project expenditure with available federal funds where feasible, and (5) is consistent with current state law.

(c) With respect to the award of federal funds for the development of the high-speed rail network in California, the authority shall, within 60 days of finalization of a cooperative agreement with the federal government for the use of ARRA funds awarded to the authority, submit to the Legislative Analyst's Office, and to the legislative fiscal committees and policy committees having jurisdiction over transportation matters, an

adopted plan for the expenditure of those funds. The plan shall include all of the following:

- (1) A description of the projects proposed for funding, including a discussion of each project's independent utility.
- (2) The location of each project.
- (3) The baseline budget for each project, including the project support cost and the estimated project capital cost.
- (4) The amount of federal and state funds, including state bond funds, as well as any private funds, proposed to be committed to each project.
- (5) The proposed baseline schedule, with project milestones, and the completion date of each project.
- (6) The number of jobs each project is estimated to create or maintain in California.
- (d) The Federal Railroad Administration has reserved ARRA funds for design and construction of the Transbay Transit Center. That project shall not be subject to the provisions of this section.

SEC. 3. This act shall become operative only if Assembly Bill 289 of the 2009–10 Regular Session is also enacted.





Approved \_\_\_\_\_, 2010

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*Governor*